

# Community Preservation Act Committee Proposal Request Form for FY 2016

CPA funding category - Check all that apply

- ☒ Community Housing    ☐ Open Space  
☐ Historic Preservation    ☐ Recreation

Date: December 10, 2014

Submitting Entity: Amherst Housing and Sheltering Committee

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## Overview of Proposal:

The Housing & Sheltering Committee requests \$50,000 in Community Preservation Act funds for the Amherst Affordable Housing Trust Fund for due diligence—appraisals, surveys, and pre-development costs. These initial steps are standard practice and integral to a project ‘getting off the ground’ as many projects are hamstrung by the lack of funds to initiate due diligence and research.

### Establishment of Amherst Affordable Housing Trust Fund

In May of 2014, Amherst Town Meeting approved the creation of a Municipal Affordable Housing Trust Fund (the Amherst Affordable Housing Trust Fund). Municipal Affordable Housing Trust funds are authorized under MGL c.44, s. 55C for the purpose of creating and preserving affordable housing in municipalities for the benefit of low- and moderate- income households. Over 70 communities throughout the Commonwealth have established trusts; of these, approximately 75% have also adopted the Community Preservation Act. See the attached ‘Community Profiles’ from Groton, Newburyport, and Westford describing their Municipal Affordable Housing Trusts.

### Benefits of a Housing Trust

- Streamline the public funding process that is essential since smaller developments, like the ones that typically access municipal funds and are the least able to absorb the costs of more complex programs and a lengthy development process.
- Provide support for construction of affordable housing (nonprofit or for profit).
- Purchase property on the market that could be used for affordable housing.
- Preserve properties with expiring affordable housing restrictions.
- Provide funds for housing rehabilitation for low to moderate-income households.
- Advocate for and facilitate the creation of more affordable housing.

### Status of Housing Trust

Currently, the Amherst Affordable Housing Trust Fund is awaiting appointment of its Trustees by the Select Board. Citizens interested in serving on the Trust are encouraged to submit Citizen Activity Forms. The Trust specifically is seeking *qualified residents who*

*would bring to the Trust relevant personal and/or professional experience and knowledge in the fields of real estate, finance, affordable housing, banking, architecture, social services, or the like.*

**Describe how your request meets the CPA criteria:**

**1. Description of funding needed including:**

**a. Documentation of cost estimates.**

The cost of appraisals and surveys varies according to the size of the property, number and type of structures, and other variables that are difficult to generalize. However, appraisals and surveys typically range from \$2,000 to \$5,000, with the cost increasing for larger properties and more complex projects. Other pre-development costs such as a market analysis for a specific project may also cost \$3-5,000.

**b. Other sources of funding, e.g., grants, self-funding, fund-raising.**

CPA funds are the most common source of funding for Municipal Affordable Housing Trusts. See the attached 'Community Profiles' from Groton, Newburyport, and Westford describing their Municipal Affordable Housing Trusts. Other potential sources of funding including payment-in-lieu fees related to inclusionary zoning requirements; private fund raising/donations/bequests; and loan repayments. At this time there are no other sources of funding for the Amherst Municipal Affordable Housing Trust Fund.

**c. Timeline on how CPA funds, if awarded, would be spent.**

The Amherst Municipal Affordable Housing Trust Fund would be able to expend these funds at any time in keeping with its mission of creating & preserving affordable housing for low- and moderate-income households in Amherst. Opportunities to create and challenges to preserve such housing often are fleeting and require action more quickly than the funding cycles of CPAC and other affordable housing financing agencies allow; the Trust is meant to address this issue and grant greater flexibility when such situations arise.

**d. Timeline for spending funds; expectation for spending over multiple years.**

The Amherst Affordable Housing Trust Fund has not commenced activities as of the date of this proposal and there is not a specific timeline associated with completion of this project.

**2. Urgency of the Project, if any:**

There is a continued urgency to provide and preserve affordable housing in Amherst, and to do so is the explicit goal of the Trust which would be the recipient of the requested funds.

**3. Estimated timeline from receipt of funds to Project completion:**

The Amherst Affordable Housing Trust Fund has not commenced activities as of the date of this proposal and there is not a specific timeline associated with completion of this project.

**4. Acquisition or preservation of threatened resources:**

The Amherst Housing Production Plan (HPP) approved by the Town and State in 2013

identifies the funding of a Trust as a priority to help increase affordable housing in the community. As the HPP indicates, many of the families and residents in the community cannot afford to purchase a home in town because of the high cost of housing; the trust would help Amherst establish an expedited and locally directed process to protect threatened resources such as:

- Affordable rental housing for families
- Affordable rental housing for individuals
- Affordable home ownership for families
- Housing for at risk and special needs populations

**5. Population(s) to be served by the Project:**

The population to be served by this proposal are current and future residents of Amherst requiring and benefiting from affordable housing, which the Trust is charged with creating and preserving.

**6. How the Project is prioritized by requesting Town committees or commissions:**

The Housing and Sheltering Committee considers this to be a high priority, however, the committee has not yet prioritized the CPA proposals.

**7. Other information regarding the Project deemed necessary for CPAC:**



## Groton

### General Facts

**2010 Population:** 10,646

**Median Home Sales Price (2013):** \$352,500

**Year Established Housing Trust:** 2006

**# Members on Board of Trustees:** 9

**Composition of Members:**

(2) Select Board members

(1) Mortgage broker

(1) Banker

(1) Real estate attorney

**Total Revenue Since Inception:** \$412,000

**Total Expenditures Since Inception:** \$412,000

**Level of Staff Support:** Housing Coordinator (part-time)

**Source of Revenue for Staff Support:** Community Preservation Act funds

**Trust Revenue Source(s):** Community Preservation Act funds

**CPA Allocation to Trust:** Project-based<sup>1</sup>



### Highlighted Initiative: Town Center Development Project



**Initiative Type:** Development including rehabilitation

**Housing Trust Allocation:** \$400,000

**Trust Allocation Per Unit:** \$133,333

**Total # of Units:** 18 (3 affordable)

#### Project Description:

The project is being developed by Mount Laurel Development, LLC. to create a total of 18 units of homeownership housing, three of which will be affordable to households with incomes at or below 80% AMI. The site is within the Town Center Overlay District per M.G.L. c.43D Expedited Local Permitting. The Overlay District requires any development over six units to provide at least 15% of the units as affordable and permits 10 units per acre.

The project will create three affordable units through the state's Local Action Units program. The project includes rehabilitation of the historic Calvin Boynton House, which is within the Town's local historic district, to accommodate a mixture of commercial and residential units. There will be three residential condos on the second floor of the Boynton House, one of which will be affordable, and 15 units of newly constructed detached and attached single-family units. Early involvement by the Town of Groton Affordable Housing Trust helped to launch the development and ensure that there would be a variety of affordable unit sizes. The Trust contributed \$400,000 to the project and executed an Investor Agreement that entitles the trust to receive 33.3% of any project profit. [Link to Investor Agreement]

<sup>1</sup> Although the CPA allocation to the Trust was based on the Town Center project, the funds were not restricted to this project and could be used for alternate projects if needed.

## Newburyport

### General Facts

**2010 Population:** 17,416

**Median Home Sales Price (2013):** \$415,000

**Year Established Housing Trust:** 2009

**# Members on Board of Trustees:** 5

**Composition of Members:**

- (1) Mayor
- (1) Housing professionals
- (1) Professional planner
- (1) Development professional
- (1) Banker

**Total Revenue Since Inception:** \$446,000

**Total Expenditures Since Inception:** \$272,700

**Level of Staff Support:** City Planner (part-time)

**Source of Revenue for Staff Support:** Housing Trust funds support up to 15 hours per week

**Trust Revenue Source(s):** Community Preservation Act funds, resale of affordable unit with older deed rider, and "Section 6C Bylaw" payments\*

**CPA Allocation to Trust:** 10-15% of CPA revenue based on annual housing trust budget request



### Highlighted Initiative: YWCA Development & Rehabilitation Project



**Initiative Type:** Development and rehabilitation

**Housing Trust Allocation:** \$65,000

**Total Project Cost:** \$2.2M

#### Initiative Description:

The YWCA Greater Newburyport development project is located at 11 Market Street and consists of ten affordable rental units in a rehabilitated Second Empire style home, built c. 1870, and a rear addition with five affordable rental units. Six of the units are studio apartments, two are one-bedroom, and two are two-bedroom. The YWCA in Newburyport was organized in 1883 and has operated a women's residence since 1890 when the industrial revolution necessitated supportive housing for women.

The rehabilitation and development received eleven sources of funding including Community Preservation Act funds, HOME funds, and housing trust funds. The YWCA, a private non-profit organization, partnered with a private developer to create capacity to secure permits, design, and funding.

The project was initiated in 2006 and received major funding commitments (through the state's One-Stop Application) in May 2012. Construction began in January 2013 and was completed by September 2013. Of the 10 units developed, six of the units are designated for households at or below 30% of the area median income (AMI) and four are designated for households at or below 50% AMI. Two units available to disabled households and eight units are for homeless households.

\* "Section 6C Bylaw" is a local bylaw that requires a special permit for development of more than one residential structure on a single lot. The bylaw requires a public benefit, which can include a donation of funds for affordable housing.



## Westford

### General Facts

**2010 Population:** 21,951

**Median Home Sales Price (2013):** \$408,000

**Year Established Housing Trust:** 2005

**# Members on Board of Trustees:** 5

**Composition of Members:**

- (1) Select Board member
- (1) Professional financial planner
- (1) Affordable housing funding consultant
- (1) Real estate professional
- (1) Affordable housing advocate

**Total Revenue Since Inception:** \$1,726,923

**Total Expenditures Since Inception:** \$916,733

**Level of Staff Support:** part-time Administrative Assistance from Housing Authority Executive Director

**Source of Revenue for Staff Support:** Housing Trust funds through contract with Westford Housing Authority for 25-30% of Executive Director's time

**Trust Revenue Source(s):** Community Preservation Act funds and private donations

**CPA Allocation:** Minimum 10% housing reserve appropriated to Trust based on annual application to CPC



### Highlighted Initiative: Unit Preservation

**Initiative Type:** Preservation Homeownership Unit Affordability

**Housing Trust Gross Allocation:** \$304,094

**Housing Trust Net Allocation:** \$27,194

#### Initiative Description:

Westford Affordable Housing Trust funds have preserved two affordable units that were at risk of extinguished affordability restrictions – one due to foreclosure and the other due to expiring time to select qualified buyer. Both units were subject to old affordability deed riders that did not provide the same protections that the state's Universal Deed Rider does.

The first situation came up in 2009 when a unit in the Keyes Corner development was facing foreclosure. The Board of Trustees, with staff assistance from the Housing Authority Executive Director, negotiated with the loan holder (MassHousing) to secure a time extension, which allowed the Board to assemble the paper work necessary to acquire the property prior to foreclosure. The unit, a 2-bedroom family unit, required multiple renovations including new carpets, painting, and bathroom repairs, among others. In addition the Trust paid a \$1,300 lien on the property and carrying costs. The Housing Authority Executive Director performed marketing and resident selection. The purchase price was roughly \$147,000, which, when added to the renovation and other costs, required the Trust to make a gross investment of \$163,094. After resale to a qualified buyer at \$154,096, the Trust's net subsidy to preserve this unit was about \$16,000.

The second unit, which was an age-restricted, over-55 unit at the Stoneridge development, was at risk of being lost in 2012 after a qualified buyer was unable to be secured after 90 days. The seller, who purchased the unit in the 1990s, would have been able to sell the unit at market rate had the Board of Trustees not stepped in to purchase the unit. The Board allocated \$130,000 of Trust funds to acquire the property, allocated approximately \$11,000 for renovations and carrying costs, and worked with DHCD to secure the services of a qualified resale agent to market the property and perform resident selection. The Board purchased the property in November 2012 and sold in June 2013 to an income-qualified over-55 buyer for \$130,000. In total, the Trust's net subsidy to preserve this unit was roughly \$11,000. This initiative allowed the Board executed a stronger deed rider on the property that is based on the state's Universal Deed Rider.

The Board currently budgets an annual reserve of funds to ensure its ability to preserve affordable units in the future. This budget request is included in the Board's annual application to the Community Preservation Committee.